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**華潤燃氣控股有限公司**  
**China Resources Gas Group Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1193)**

**RULE 13.09 ANNOUNCEMENT  
DISCLOSEABLE TRANSACTION  
PROPOSED ESTABLISHMENT OF THE JOINT VENTURE COMPANY  
AND  
RESUMPTION OF TRADING**

The announcement is made by the Company pursuant to Rule 13.09 and Rule 14.34 of the Listing Rules.

**PROPOSED ESTABLISHMENT OF THE JOINT VENTURE COMPANY**

On 2 November 2011, China Resources Gas, a wholly-owned subsidiary of the Company, entered into the Joint Venture Contract, the Supplemental Agreement and the Articles of Association with Tianjin Gas in relation to the proposed establishment of the Joint Venture Company (subject to the approval of the relevant PRC authorities). It is proposed that the Joint Venture Company will principally engage in, among other things, the investment, construction and operation of city gas pipelines, the sale and distribution of gas, the provision of gas related equipment, apparatus and ancillary services, as well as gas facilities repair and maintenance in Tianjin Municipality of the PRC, subject to the approval of the relevant PRC authorities.

As certain of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the entering into of the Joint Venture Contract, the Supplemental Agreement and the Articles of Association for the establishment of the Joint Venture Company constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

**RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 November 2011 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 3 November 2011.

**The formation of the Joint Venture Company is subject to, among other things, approvals of the board of Directors and all necessary approvals and consents from the relevant PRC and Hong Kong governmental and regulatory authorities, which may or may not be forthcoming. The transactions contemplated by the Joint Venture Contract, the Supplemental Agreement and the Articles of Association therefore may or may not proceed. Investors or prospective investors are advised to exercise caution in investing or dealing in the shares of the Company.**

The announcement is made by the Company pursuant to Rule 13.09 and Rule 14.34 of the Listing Rules.

Reference is made to the Company's announcement dated 28 June 2010 in respect of the Co-operation Agreement. The Board is pleased to announce that on 2 November 2011, China Resources Gas, a wholly-owned subsidiary of the Company, entered into the Joint Venture Contract, the Supplemental Agreement and the Articles of Association with Tianjin Gas in relation to the proposed establishment of the Joint Venture Company, subject to the approval of the relevant PRC authorities.

## **PROPOSED ESTABLISHMENT OF THE JOINT VENTURE COMPANY**

### **The Parties**

- (a) China Resources Gas, a wholly-owned subsidiary of the Company; and
- (b) Tianjin Gas.

### **Proposed business scope of the Joint Venture Company**

The proposed business scope of the Joint Venture Company includes, among other things, the investment, construction and operation of city gas pipelines, the sale and distribution of gas, the provision of gas related equipment, apparatus and ancillary services, as well as gas facilities repair and maintenance in Tianjin Municipality of the PRC, subject to the approval of the relevant PRC authorities.

### **Proposed total investment**

RMB6 billion (equivalent to approximately HK\$7.392 billion).

## **Proposed registered capital**

RMB5 billion (equivalent to approximately HK\$6.16 billion) of which:

- (a) 49% (being RMB2.45 billion, equivalent to approximately HK\$3.0184 billion) will be contributed in cash by China Resources Gas; and
- (b) 51% (being RMB2.55 billion, equivalent to approximately HK\$3.1416 billion) will be contributed by Tianjin Gas by way of transfer to the Joint Venture Company its ownership interests in the Contribution Assets whose appraised values are determined based on a valuation as at 31 December 2010 (subject to adjustment based on subsequent valuation to be conducted) by a valuer agreed between the Parties and the valuation is subject to approval by the relevant PRC government authority.

China Resources Gas, in contributing cash to the Joint Venture Company in return for a 49% stake in the Joint Venture Company, shall, within sixty working days from the date of establishment of the Joint Venture Company, have made total cash contributions of RMB2.45 billion, equivalent to approximately HK\$3.0184 billion, to the Joint Venture Company.

The cash capital contribution of China Resources Gas will be funded by internal resources of the Company and bank borrowings of the Company.

Tianjin Gas, in contributing the Contribution Assets to the Joint Venture Company, shall, within six months from the date of establishment of the Joint Venture Company, have completed or procured the completion of all procedures required for transferring its ownership interests in the Contribution Assets to the Joint Venture Company.

## **Future transfer of other assets from Tianjin Gas to the Joint Venture Company**

Subject to entry of separate asset transfer agreement(s) whose terms are to be further agreed between the Parties, the Parties agree that other assets of Tianjin Gas relating to piped natural gas operations in Tianjin, including but not limited to piped gas equipment and distribution facilities and equity interests of companies engaged in the gas business, shall be transferred to the Joint Venture Company at a consideration to be agreed between the Parties with reference to their appraised value based on professional valuation and to be approved by the relevant PRC government authority.

It is expected that the Joint Venture Company will enter into certain lease arrangements with Tianjin Gas for the lease of certain assets of Tianjin Gas pending their transfer to the Joint Venture Company pursuant to the terms of the joint venture.

It is also the intention of the Parties for the Joint Venture Company to, subject to (i) all applicable laws in the PRC and Hong Kong, the Listing Rules and the Takeovers Code and (ii) receipt of all necessary approvals or consents from the relevant governmental and regulatory authorities in the PRC and Hong Kong, including (without limitation) the Securities and Futures Commission of Hong Kong, acquire Tianjin Gas's entire interest in Tianjin Tianlian after the establishment of the Joint Venture Company. The terms of such acquisition are to be negotiated and finalised between the Parties.

It is the Parties' intention that, subject to (i) all applicable laws in the PRC and Hong Kong, the Listing Rules and Takeovers Code and (ii) receipt of all necessary approvals or consents from the relevant governmental and regulatory authorities in the PRC and Hong Kong, including (without limitation) the Securities and Futures Commission of Hong Kong, following the Joint Venture Company's acquisition of Tianjin Gas's interest in Tianjin Tianlian, the Joint Venture Company will combine and consolidate the respective assets and businesses of the Joint Venture Company and Tianjin Tianlian by the injection of the assets and business of the Joint Venture Company to Tianjin Tianlian such that Tianjin Tianlian will become the listing vehicle for such assets and businesses. However, no concrete plan has been discussed or agreed between the Parties as at the date hereof.

### **Board of directors and general management**

The board of directors of the Joint Venture Company will comprise seven directors. Tianjin Gas is entitled to nominate four directors (including the chairman) and China Resources Gas is entitled to nominate three directors (including the vice chairman). The general manager of the Joint Venture Company, to be nominated by China Resources Gas and to be appointed by the board of directors of the Joint Venture Company, will be principally responsible for overseeing the daily operation of the Joint Venture Company.

### **Term of operation**

The term of operation of the Joint Venture Company is 30 years from the date of establishment of the Joint Venture Company. The Parties shall decide on whether to extend the term of operation of the Joint Venture Company at least six months prior to the expiry of the term, subject to the approval of the relevant PRC authorities.

### **Sharing of profits or losses**

Any profits or losses of the Joint Venture Company will be distributed to or shared between China Resources Gas and Tianjin Gas in proportion to their respective equity interests in the Joint Venture Company.

## **INFORMATION ON TIANJIN GAS**

Tianjin Gas is a state-owned enterprise in the PRC. To the knowledge of the Company, Tianjin Gas is a conglomerate engaged in various different businesses including the investment, construction and operation of the city gas pipelines, the sale and distribution of gas, the provision of gas related equipment, apparatus and ancillary services, as well as gas facilities repair and maintenance in the Tianjin Municipality, the PRC.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and save as disclosed in this announcement, Tianjin Gas and its ultimate beneficial owner, are Independent Third Parties under the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION**

The Group has been active in seeking attractive business opportunities in the PRC to expand its core business of city gas operation and distribution in the PRC. Its piped natural gas operations are strategically located in the areas of the PRC with rich reserves of natural gas and areas which are economically more developed and densely populated. Tianjin has huge development potential and is a key location which the Group aims to target so as to achieve accelerated business growth in the coming years.

Through the establishment of the Joint Venture Company with Tianjin Gas, it is believed the Group will benefit from an immediate access to the local market and eventually the Greater Tianjin-Bohai Region. The establishment of the Joint Venture Company will help position the Group to further develop the local market in Tianjin leveraging on the platform set up by the Joint Venture Company. The establishment of the Joint Venture Company will accelerate the Group's aspiration to become one of the largest pan-China city gas operators in the PRC.

The terms of the Joint Venture Contract, the Supplemental Agreement and the Articles of Association were negotiated on an arm's length basis between the Parties and were determined on normal commercial terms.

## **IMPLICATIONS OF THE LISTING RULES**

As certain of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the entering into of the Joint Venture Contract, the Supplemental Agreement and the Articles of Association for the establishment of the Joint Venture Company constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The proposed establishment of the Joint Venture Company is subject to the approval of the board of Directors. The Company will make a further announcement stating the view of the Board as to whether the Board approves the proposed terms of establishment of the Joint Venture Company, and whether the Directors consider the terms of the Joint Venture Contract, the Supplemental Agreement and the Articles of Association are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The Company is a limited liability company incorporated in Bermuda and its shares have been listed on the Stock Exchange since 7 November 1994. The Group is principally engaged in the sale and distribution of gas fuel and related products and gas connection services in the PRC. Its piped natural gas operations are strategically located in areas of the PRC with rich reserves of natural gas and areas which are economically more developed and densely populated. Its current operation covers provincial capitals and major cities such as Chengdu, Nanjing, Wuhan, Kunming, Jinan, Chongqing, Wuxi and Suzhou.

China Resources Gas is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding. As at the date of this announcement, China Resources Gas is a wholly-owned subsidiary of the Company.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 November 2011 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 3 November 2011.

**The formation of the Joint Venture Company is subject to, among other things, approvals of the board of Directors and all necessary approvals and consents from the relevant PRC and Hong Kong governmental and regulatory authorities, which may or may not be forthcoming. The transactions contemplated by the Joint Venture Contract, the Supplemental Agreement and the Articles of Association therefore may or may not proceed. Investors or prospective investors are advised to exercise caution in investing or dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“Articles of Association”	a set of articles of association dated 2 November 2011 entered into between China Resources Gas and Tianjin Gas in relation to the establishment and operation of the Joint Venture Company;
“Board”	means the board of Directors;
“China Resources Gas”	means China Resources Gas (Hong Kong) Investment Limited (華潤燃氣(香港)投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Co-operation Agreement”	means the co-operation agreement dated 28 June 2010 entered into between China Resources Gas and Tianjin Gas in relation to the proposed establishment of a sino-foreign equity joint venture enterprise in Tianjin;
“Company”	means China Resources Gas Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange;
“Contribution Assets”	means certain operating assets including but not limited to city gas pipelines in Tianjin as well as related facilities and equipment owned by Tianjin Gas in the PRC;
“Directors”	means the directors of the Company;
“Group”	means the Company and its subsidiaries (as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong);
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;

“Independent Third Party”	means a party who, together with its ultimate beneficial owner(s), is not a connected person of the Company and is also independent of the Company and its connected persons;
“Joint Venture Company”	means the joint venture company to be incorporated in the PRC and proposed to be named as “津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd)”, which equity capital will be owned as to 51% by Tianjin Gas and 49% by China Resources Gas;
“Joint Venture Contract”	means a joint venture contract dated 2 November 2011 entered into between China Resources Gas and Tianjin Gas in relation to the proposed establishment of the Joint Venture Company;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	means China Resources Gas and Tianjin Gas, the parties to the Joint Venture Contract, the Supplemental Agreement and the Articles of Association, and the word “Party” shall be construed accordingly;
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Supplemental Agreement”	means the supplemental agreement dated 2 November 2011 entered into between China Resources Gas and Tianjin Gas in relation to the proposed establishment of the Joint Venture Company which forms part of the Joint Venture Contract;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	means the Codes on Takeovers and Mergers;
“Tianjin Gas”	means 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*), a state-owned enterprise of the PRC; and

“Tianjin Tianlian”

means 天津天聯公用事業股份有限公司 (Tianjin Tianlian Public Utilities Company Limited), a joint stock limited company incorporated in the PRC, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 1265).

By Order of the Board  
**China Resources Gas Group Limited**  
**Ong Thiam Kin**  
*Executive Director & Company Secretary*

Hong Kong, 2 November 2011.

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin; two non-executive Directors, namely Mr. Du Wenmin and Mr. Wei Bin; and three independent non-executive Directors, namely Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Ms. Yu Jian.*

*For the purposes of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB1.00 to HK\$1.232, for the purposes of illustration only. No representation is made that any amount in Hong Kong dollars or RMB could have been or could be converted at the above rate or at any other rates.*

*\* The English name of this PRC-incorporated company is only an English translation of the corresponding official Chinese name and is provided for identification purposes only.*